

General Information

- What is the official new name of the enterprise?

Consolidated Nuclear Security, LLC (CNS) will operate Pantex and Y-12.

- Which companies are members of CNS?

CNS combines the resources of Bechtel National, Inc., Lockheed Martin Services, Inc., ATK Launch Systems, Inc., SOC LLC, with Booz Allen Hamilton, Inc. as a teaming subcontractor. [Read more about the CNS Team here.](#)

- Does consolidation mean that all work will be moved to one of the sites, eventually resulting in the elimination of the other site?

No. Both Pantex and Y-12 serve critical missions and are vital to national security. Consolidation means that we will implement standardized “enterprise” processes and business systems; share lessons learned and best practices to improve performance; and discover cost savings through shared innovation and efficiencies. The goal is to create the capacity for future investments in the sites, ensuring sustainable futures for both Pantex and Y-12.

- Where will CNS headquarters be located?

The chief executive officer and chief operating officer will be based out of Oak Ridge to mirror the customer’s organization, but will be actively engaged at Pantex and Y-12. Just as the customer has management at both sites, CNS will have a significant management presence located at both Pantex and Y-12.

Employment

- Will offer letters be extended to individuals as the notification of an offer of employment with CNS?

Yes. Because CNS is a new company, individuals will receive employment offers in writing. All offers must be provided to the individuals selected for CNS positions no later than June 2, 2014, which is 90 days after the start of transition.

- Why is an employment process necessary if we are already employed at one of the sites?

There are two primary reasons. First, we are determining the needs of the new organization and the number of employees needed to carry out that scope. Second, all employees who transition to the new contract will become employed by a new company, Consolidated Nuclear Security, LLC, and will need to complete all legally mandated requirements for new employment.

- Will I keep my years of service with the project?

Yes.

- Will all current B&W Pantex and B&W Y-12 employees be selected for employment with CNS?

As part of the transition process, CNS is coordinating with the NNSA on a high-level staffing plan that will include the proposed number of employees that CNS expects to hire, along with our plans for moving forward with offers. The high-level staffing plan is due to NNSA by April 2 (which is day 30 of transition). We will have details on the approved staffing plan in mid-April, along with the selection process we will use, and will communicate those details as soon as they are available.

- Will I have to re-apply for my security clearance?

Clearances are issued by the Department of Energy, and this transition will not have any impact on your clearance.

- How was it determined who was eligible for VSP?

CNS determined the future CNS organization needed to deliver the production mission, and conducted a thorough analysis of the current Pantex and Y-12 organizations and staffing levels. Eligibility in the VSP was extended to job groups that were selected based on identified redundancies or over-staffing created by the consolidation of the two sites into a single CNS organization.

- If I am eligible for the VSP but do not accept, will I be subject to an involuntary separation?

No. The VSP is not intended to identify employees who will be released, but focuses on job areas where the consolidated contract creates redundancies or over-staffing. Individual contributors (employees who are not managers or supervisors) who are eligible for the VSP but do not accept the voluntary separation will be offered employment with CNS effective July 1. CNS will mail employment offer letters to employees' home addresses no later than June 2. CNS CEO Jim Haynes addressed job concerns during the employee information sessions and in his message posted 4/16/2014 on the CNS website.

- I'm a manager. What happens to me?

Some manager and supervisor positions will be eliminated through the implementation of a consolidated management structure. As incumbent employees, most managers have the "right of first refusal" (only key personnel and their direct reports do not have "right of first refusal" and are not guaranteed a position). Managers and supervisors with the right

of first refusal will be offered a position, but not necessarily in management. Interviews for supervisors/managers are expected to begin the week of April 28, and will conclude by Friday, May 16.

Benefits – General

- Why is CNS designing a new employee benefits plan for 2015?

Our goal is to create a suite of benefits that will allow CNS to attract and retain talent to perform the mission in a safe and secure manner. At the same time, we are aiming to provide benefits that are cost effective and in-line with trends reflected in the industries in which CNS competes for talent. In addition, the benefit plan designs we are proposing are standardized, to the maximum extent possible, to allow movement of employees between sites. Also, we have evaluated and redesigned the current benefit plans for active Pantex and Y-12 employees to meet certain valuation requirements set forth by the Department of Energy (DOE).

- Will the CNS Benefit Plans continue with the current service providers?

The current service providers will continue thru December 31, 2014. CNS is in the process of conducting a competitive proposal process to determine the benefit providers that will be selected to support CNS effective January 1, 2015.

- Will benefits be the same for full-time and part-time employees?

Other than the 2% employee cost share effective July 1, 2014, your current benefits will remain the same until January 1, 2015. Information related to 2015 benefits will be communicated during open enrollment in the fall.

- Will the new Health and Welfare benefits package be identical for Pantex and Y-12?

Beginning January 1, 2015, the core benefits package for Health and Welfare plans will be the same for both Pantex and Y-12.

- When will the 2015 health and welfare employee cost share deduction begin? How much will it be?

The next increase will be 1% effective January 1, 2015, and then 2% on January 1, 2016 and thereafter until the 75/25 cost share is achieved.

- Will the health plan carriers be changing in 2015?

More information about the 2015 health plan carriers will be available in the fall, when we prepare for open enrollment.

- Will medical insurance premiums and 401(k) contributions continue to be “before” tax?

Medical insurance premiums and 401(k) contributions will remain “pre-tax” benefits.

- What is the definition of “represented” and “non-represented”?

Represented employees (bargaining) are employees that belong to a union. Non-represented employees (non-bargaining) do not belong to a union.

Benefits – Holiday Schedules

- Will the existing 2014 holiday schedule continue when CNS takes over July 1st?

The 2014 Pantex and Y-12 holiday schedules will be observed through December 31, 2014.

- What are the plans for employees to charge time when holidays fall on a scheduled day off? What if we work a 4-10s schedule and holidays are paid on an eight hour basis? How will we make up the 2 hour difference?

CNS is determining the holiday pay policies for Pantex and Y-12. Current policies will remain in effect until January 1, 2015. We will publish a holiday-work calendar for each work schedule when finalized.

Benefits Valuation Study

- What is BenVal and what is its significance to the new benefits plan?

Contractors of the Department of Energy (DOE) must submit an Employee Benefit Value Study (BenVal) every two years that is no more than 5% higher than the average value of the assessed benefits package of similar organizations in the same industry – also known as comparator organizations. To meet this valuation requirement, CNS reviewed and redesigned the current benefit plans for active, non-bargaining Pantex and Y-12 employees, as well as pre-Medicare retirees. The benefit study evaluated all major benefit areas, including health care, retirement, disability, employee and employer contributions, and leave time to ensure CNS’s benefit plans are similar to plans offered by the 27 comparator organizations used in the study.

- What is a comparator organization?

A comparator organization is a company in our industry that has a workforce comprised of the same skills, technical abilities and education as the CNS workforce.

- Does the Benefits Valuation Study only include companies that offer pension plans?

Companies in the comparator group provide benefits through a variety of different vehicles. Some companies provide only defined contribution plans. The Benefits

Valuation Study uses actuarial methods that fairly compare the value of a defined benefit pension plan to a defined contribution plan.

- Which components of employee benefits were included in the study?

The benefit study evaluated all major benefit areas, including health care, retirement, life insurance, disability and time off to ensure CNS's benefit plans are similar to plans offered by the comparator organizations used in the study. Employee contributions are also reflected in the value of the benefits provided.

- Does the Benefits Valuation study factor in salary?

Yes.

- When was the last time Pantex and Y-12 performed a Benefits Valuation Study? Did the organizations meet the Department of Energy (DOE) requirement at that time?

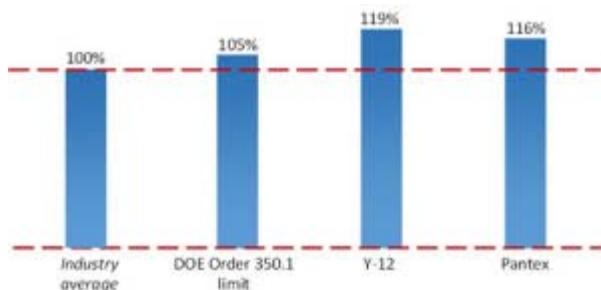
The studies were last performed in 2013. The organizations did not meet the 105% requirement. Due to the anticipated change in the contract management, both organizations did not make any plan design changes although the benefits valuation study exceeded 105%.

- Did the recent recession cause the comparator organizations to reduce their benefits, while Y-12 and Pantex maintained theirs?

The value of benefits provided by most companies has declined over the last several years due to a variety of factors, including the national economy.

- What were the results of the Employer Benefits Value Study?

See chart below.



The Department of Energy (DOE) requires a benefit value of less than or equal to 105%.

- What percentages of health care benefits are currently paid by Pantex and Y-12?

Currently, Pantex pays 84% of the total cost, and Y-12 pays 80% of the total cost.

- Are the details of the Benefits Valuation Study available for employees to review?

Due to the business sensitive data, the results of the study and the specific company data included are considered confidential and proprietary.

- Whose benefits are being adjusted to meet the Department of Energy (DOE) benefits valuation requirement of less than or equal to 105%?

The DOE benefits valuation requirement and CNS plan design changes are applicable to all non-bargaining employees.

- What were the names of the 27 companies included in the Benefits Valuation Study?

As part of the CNS transition process, we are required to benchmark CNS benefits against 27 comparators. The general U.S. industry segment includes 1,000 organizations of all types which are included in the Aon Hewitt database. We are unable to share the names of the comparator companies at this time.

2014 Benefits

- Will the benefits for part-time employees remain the same?

Yes, the current benefits for eligible part-time employees will remain the same as of July 1, 2014.

- What benefit changes are occurring on July 1, 2014?

To minimize disruption and to ensure the continuity of benefits going into the new contract, your current 2014 benefit elections will remain in effect when CNS assumes the contract on July 1. CNS will continue to pay the majority of your health plan premiums (including medical, dental, and vision), but your monthly cost will increase. For non-bargaining, active employees, your benefits and level of coverage are not changing in 2014. However, to align CNS with the DOE requirements, your medical premium contribution levels will change on July 1, 2014. There are no changes to your other benefits through the end of the calendar year.

- Will there be premium increases in 2015?

Over the next few years, your share of costs will rise incrementally as we shift to a model where CNS pays 75 percent of the total premiums and you pay 25 percent.

- Why is CNS making medical premium contribution changes in July and others in January 2015?

CNS is making contribution changes in July to meet certain valuation requirements set forth by the Department of Energy (DOE). We are aiming to provide benefits that are standardized, to the maximum extent possible across the consolidated CNS, LLC enterprise.

- Are bargaining employee benefits changing on July 1, 2014?

No. Bargaining employee benefits continue within the terms of the applicable collective bargaining agreement.

- Can I continue to use my doctor(s) after July 1st?

Your provider network will not change through the remainder of 2014. You may want to contact your insurance provider's website to confirm that your doctor will remain in the network.

- Will I get a new health insurance card for the remainder of 2014?

No. You will continue to use your current health insurance card through the remainder of 2014.

- Is my out of pocket deductible going to change or start over on July 1, 2014?

No. The amount of deductible paid to date will apply to your annual maximum deductibles.

- Do I need to re-enroll, or will my medical deductions be automatic?

Employees do not need to re-enroll. Your current benefits selection will continue through the plan year. Payroll deductions will be automatic.

- If I accept CNS's offer of employment, what do I need to do to continue my benefits?

Your 2014 benefit elections will remain in effect through December, 2014.

- If I'm out on leave (e.g., short or long term disability), what do I need to do to continue my benefits?

Employees on approved leave on July 1st will retain current 2014 benefit elections.

- When is open enrollment for the new CNS benefits plan?

2015 benefits open enrollment will take place in the fall of 2014. More details will be provided as dates are confirmed.

Benefits – Medical

- When will the final Summary Plan Description documents be made available? In the 2014-2015 Benefits Summary for non-bargained employees, all items are subject to change per statement at the end; "If there is any conflict between this Summary and the final approved plan documents, the plan documents will govern."

The Summary Plan Description documents will be available as soon as administratively possible after we receive approval from the NNSA customer.

- If I have ongoing medical treatment that crosses over into 2015, what will I have to do? How will my benefits work/coordinate?

If you or a covered family member is being treated for a serious medical condition that requires ongoing treatments for acute episodes or a second or third trimester pregnancy, and your treatment will continue in 2015, you may be able to temporarily continue care with your current provider(s) at the in-network rate when your new medical coverage begins — even if your current provider is not in the new medical insurance carrier's network. More information about transition of care will be provided during the 2015 open enrollment.

- With Pantex and Y-12 combining under one Benefits Plan is it possible a larger population will provide CNS leverage to reduce the cost of our medical costs?

Many factors, including the size of our workforce, are considered during the review process and selection of insurance carriers and administrators.

- What is the percent of increase of the medical plan costs?

The total cost of the medical plan is determined based on the actual utilization of services by CNS employees and their covered dependents and the cost of those services.

Nationally, costs for medical expenses increase about 7% per year causing premiums to increase every year. CNS and our employees share in the cost of the medical plan premiums. Our goal is for CNS to cover 75% of the premium cost and employees to cover 25%. We will be slowly increasing the percentages of the total cost paid by employees. Your share of the premium will increase by 2% on July 1, 2014. The employee cost sharing will be increased by 2% of the new premium cost until the cost sharing of 75% paid by CNS and 25% paid by the employee has been achieved.

- When will the 2015 health and welfare employee cost share deduction begin? How much will it be?

There will be a 1% increase effective January 1, 2015.

- What types of health plans will be offered?

Beginning January 1, 2015, CNS will offer two types of health plans:

1) Preferred Provider Organization (PPO) Plan – Just as today, this plan provides flexibility in seeking covered medical services by allowing you to receive care within or outside of the network.
– The plan requires out-of-pocket deductible and cost sharing when using the services.
– Individual co-pays will apply to mail-order prescriptions and some office visits.
– Other services will be subject to deductibles and co-insurance.

2) Medical Plan with a Health Savings Account (HSA) – This plan is similar to the PPO plan but provides an HSA which is a personal bank account that works with your medical plan. It allows you to set aside pre-tax money to pay for qualified health care expenses, such as co-insurance, deductibles and other out-of-pocket expenses.

- Employees taking advantage of this option will receive an annual contribution to their HSA provided by CNS. The annual contribution amount will be communicated during the 2015 open enrollment in the fall.
- Additionally, employees taking advantage of this option in 2015 will receive a one-time early adopter contribution to their HSA provided by CNS. The amount of the early adopter contribution will be communicated during the 2015 open enrollment in the fall.
- The money you do not use rolls over to the next calendar year and can be used for future health care costs while earning tax-free interest.

- Why doesn't the 2015 Health Savings Account (HSA) Plan, which is funded with pre-tax dollars, have the "use it or lose it" requirement of the Health Care Flexible Spending Account (FSA) plan?

An HSA is a different type of account than an FSA and has different IRS rules, although both can be funded with pre-tax dollars. The HSA is a savings account in which the funds can roll over from year to year and accumulate. The money deposited into the HSA is your money and can be taken with you when you leave CNS. The primary purpose of the HSA is to create a savings account to help you pay for future medical expenses.

- How much will the HSA early adopter credit be?

More information about the earlier-adopter credit will be available in the fall, as we approach 2015 open enrollment.

- Will deductibles, co-insurance and co-pays be increasing?

Your deductibles, co-insurance, and co-pays will not change in 2014. Information related to 2015 benefits will be communicated during open enrollment in the fall.

- CNS will not offer an Exclusive Provider Organization (EPO) plan option in the insurance coverage. Is there any way to maintain the EPO option we currently have at Pantex?

The new benefits plan does not offer an EPO option.

Benefits – Flexible Spending Accounts

- In the Dependent Care FSA, does “elder care” include nursing home cost?

The information for allowed expenses can be found at www.irs.gov/publications/p502/ar02.html. The IRS guidelines allow the cost of medical care in a nursing home, home for the aged, or similar institution, for yourself, your spouse or your dependents. This includes the cost of meals and lodging in the home if a principal reason for being there is to receive medical care.

- What will happen to my current Flexible Spending Account (FSA) balance?

Your current FSA benefits are not changing in 2014. You can still incur expenses through December 31, 2014. Reimbursement requests must be submitted by March 15, 2015. Federal law requires that after March 15, all money remaining in the FSA is forfeited.

Benefits – Dental and Vision

- If I have ongoing dental treatment that crosses over into 2015, what will I have to do? How will my benefits work/coordinate?

If your dental insurance changes from one carrier to another and you or a covered family member are undergoing treatment that will cross over into 2015, you may be able to carry over your lifetime maximum and other plan limits for specific treatments including orthodontic, endodontic (e.g., root canal), and the prosthodontic (e.g., crowns, bridgework and dentures) services. Information about this will be provided during the 2015 open enrollment.

- Are Dental and Vision separate plans available at employee cost?

Yes. If you want to enroll in medical, dental and/or vision coverage, you will need to elect these benefits separately. CNS will pay the major share of the cost of medical, dental and vision coverage you elect.

Benefits – Life and Disability

- During open enrollment, can I purchase additional life insurance coverage for 2015?

Yes. You can elect supplemental life insurance for yourself and dependent life insurance for your spouse and/or dependent children. More details about these benefits will be provided during the 2015 open enrollment.

- If STD begins after July 1, 2014, but before January 1, 2015, will it be paid at the current 100% or under the new plan at 60%?

It will be paid under the current plan at 100%.

- If I need to go on Short Term Disability (STD), will I be required to use all of my PTO time before starting my STD benefits?

The current policies remain in place until January 1, 2015. Effective January 1, 2015, employees must use PTO to satisfy the seven-day waiting period before STD begins. Pantex employees can use their sick time bank hours for STD eligible illnesses and injuries.

- What is the cost and percent of coverage if I choose additional Long-Term Disability (LTD) coverage?

Premium amounts for 2015 benefits will be available when we approach the 2015 open enrollment in the fall.

Benefits – PTO

- Are we required to exhaust our PTO bank before we can take time without pay?

Yes, PTO time must be used prior to requesting time without pay.

- Will we accrue PTO on a 10 month or 12 month period?

PTO will accrue on a 12 month period.

- Will Pantex and Y-12 employees continue to accrue sick and personal time until January 1, 2015?

Yes. Consistent with the current policy, eligible Pantex and Y-12 employees will continue to accrue time and can use their earned sick time and personal time through December 31, 2014. Eligible Pantex employees will be able to carry their unused sick time hours forward into 2015.

- Will CNS have a PTO donation program where I can help other employees who are out of PTO time?

Yes. PTO donation policies and programs at both sites will continue in 2015.

- Will Pantex employees be able to donate hours from our sick time bank to help other employees?

Sick bank hours can only be used for a qualifying injury or illness for yourself.

- What happens to my 2014 accrued vacation?

Accrued vacation hours in your “bank” as of December 31, 2014, up to a maximum of 240 hours, will be carried over to your CNS PTO account. Accrued hours over 240 will be paid out as soon as administratively possible after the first of each year.

- If I am currently eligible for six weeks of vacation will I still be eligible for 6 weeks of vacation with CNS?

Effective January 1, 2015 the maximum annual PTO accrual will be five weeks.

- Will Pantex and Y-12 employees continue to accrue vacation after July 1, 2014?

Employees who currently accrue vacation on a pay period basis will continue to accrue it in accordance with your existing Vacation Policy until January 1, 2015.

- Will Pantex employees continue to accrue sick time after July 1, 2014?

The current Pantex sick time policy will remain in effect, and employees will continue to accrue sick time until January 1, 2015 at which time the CNS PTO program becomes effective.

- Will we be able to use our accumulated comp time after July 1, 2014?

The current comp time/work balancing policies remain in effect until January 1, 2015, so you will be able to use it until January 1st. CNS is reviewing the existing compensation programs, including comp time/work balancing, and any changes to these policies will be communicated when approved.

- Will the current sick leave accrual policy be available on July 1, 2014?

The current policy will remain in effect until January 1, 2015.

- Why are the CNS Paid Time Off (PTO) benefits different from vacation, sick leave and personal time I had with Pantex or Y-12?

We recognize that vacation, sick leave and personal time vary among employee groups. The new CNS employee benefit plans are designed to meet the DOE valuation requirements, while providing benefits that are standardized, to the maximum extent possible across the consolidated CNS enterprise.

Benefits – Leaves

- Will CNS offer military leave, or will employees need to use PTO when attending annual training or fulfilling other commitments?

The current leave policies will remain in effect as of July 1, 2014. We will advise employees of future changes, if any, as we harmonize employment policies across Pantex and Y-12.

- Will Reserve Police Officers, Deputies, Firefighters, and other civic positions still be eligible for paid Civic Duty time?

The current civic duty time policies will remain in effect as of July 1, 2014. We will advise employees of changes.

- Will CNS continue compensatory time, work balancing and convenience time policies?

Compensatory time, work balancing and convenience time policies will remain in effect as of July 1, 2014. CNS is reviewing current Pantex and Y-12 programs and policies to determine what will be most effective for the CNS enterprise as we move forward and will provide more information as it becomes available.

Benefits – Retirement/Pension

- Please define what is meant by “pensionable earnings”?

The mandatory employee contributions to the Y-12 and Pantex pension plans will apply to your pay using the same definition for “pensionable earnings” as the respective plans use to determine retirement benefits as follows:

For persons participating in the Y-12 Retirement Plan, the pay that is considered is straight time pay plus shift differential or shift premium, cost of living (COLA), variable pay awarded based on performance, executive incentive compensation and differential wage payments during a qualified military service leave, based on the established working schedule of the Participant, all of which is determined before any contributions to benefit plans by the participant. [Source: Y-12 Pension Plan section 1.16].

For persons participating in the Pantex Non-collectively Bargained Pension Plan, all pay is included except bonuses, overtime, reimbursements, moving allowances, taxable and non-taxable fringe benefits, deferred compensation. Differential wage payments during a qualified military service leave, some types of severance pay and contributions you make to benefit plans are also included as pay for purposes of determining employee contributions. [Source – Pantex non-CB pension plan].

- Can CNS share more information about the Defined Benefit Pension Plan contributions that have been made in recent years and how contributions for CNS will be determined in the future?

CNS is committed to funding the Defined Benefit Pension Plan to ensure the Plan can pay benefits to all participants. At a minimum, CNS must contribute an amount determined by IRS rules. In general, if the assets in the trust are less than the current

value of pension benefits, CNS will make a contribution to the Plan. The contribution is calculated as the cost to CNS of one year of additional benefit accruals for active plan participants, plus a portion of the unfunded pension benefits.

During the last four years, employer contributions to the plans have been \$209M for Y-12 and \$58M for Pantex. Had the 2% employee contributions been in place during that time, the employees would have contributed approximately \$38M to the Y-12 plan and \$10M to the Pantex plan.

- How can I be sure that my pension contributions are not paying for current pensioners or other participants' benefits?

Your contributions are deposited into the plan trust. According to IRS rules, the plan trust may only pay benefit payments and reasonable administrative expenses. At a minimum, you are entitled to the value of your contributions, plus interest from the plan.

- Can I opt out of the Defined Benefit Pension?

Per plan documents, employees do not have the option to opt out of the Pension Plan.

- Will my pension formula and calculation change?

The current Pension Plan multiplier and the retirement options associated with the plans will remain in place.

- If I am not a participant in the Y-12 or Pantex Defined Benefit Pension Plan, can I join the plan and contribute 2%?

Per the Pension Plan documents, the plans were closed to new entrants in 2012.

- When will changes to the medical benefits for retirees be published?

Changes to the retiree medical benefits will be published for open enrollment in the fall.

- Will salaries be increased to offset our 2% contribution to the Defined Benefit Pension Plan?

Salaries will not be increased to offset the 2% contribution.

- Can CNS Share more information about the defined Benefit Pension Plan contributions that have been made in recent years and how contributions for CNS will be determined in the future.

CNS is committed to funding the Defined Benefit Pension Plan to ensure the plan can pay benefits to all participants. At a minimum, CNS must contribute an amount determined by IRS rules. In general, if the assets in the trust are less than the current

value of pension benefits, CNS will make a contribution to the plan. The contribution is calculated as the cost to CNS of one year of additional benefit accruals for active plan participants, plus a portion of the unfunded pension benefits.

During the last four years, employer contributions to the plans have been \$209 million for Y-12 and \$58 million for Pantex. Had the 2% employee contribution been in place during that time, the employees would have contributed approximately \$38 million to the Y-12 plan and \$10 million to the Pantex plan.

- Why do I need to pay 2% for the management of my pension plan when the other four contractors managed the plan without charging a fee?

The 2% employee contribution is not a management fee. Historically, Pantex and Y-12 have paid the entire cost of the pension benefits earned each year. In order to continue this program, employee cost sharing will be introduced. Just like the medical plans, which have always required employee contributions, CNS will now require employees that are eligible for the pension to share in the costs of providing pension benefits.

- Won't employees end up paying more than the value of the pension benefit they receive after contributing 2% for several years?

You are always entitled to a pension benefit equal to the value of your contributions plus interest. In addition, as you age and gain more pension service, the total value of your pension benefit is likely to grow faster than the value of your accumulated contributions (including interest).

- Why are employees required to contribute 2% of their pensionable earnings to the Defined Benefit Pension Plan when it is fully funded?

The Pantex and Y-12 pension plans are not currently fully funded when comparing the actuarial value of the plan's liabilities to the plan's current assets. Contributions from both CNS and eligible employees will be required to fund the benefits that are earned each year to ensure the long-term financial health of the plans.

- If I elect not to contribute 2% to my pension plan, what happens to the money I currently have in the plan?

Contributions to the pension plan are mandatory for all actively employed plan participants. Your pension benefit will not change.

- What are the eligibility requirements for the Defined Benefit Pension Plan and 401(k) Savings Plans?

The eligibility requirements for the Defined Benefit Pension and 401(k) Savings Plans will remain the same. If you are currently eligible and participating in the Pantex or Y-12 defined benefit plan as of June 30, 2014, you will continue to be eligible for that plan

effective July 1, 2014. Employees who are not eligible for the Pantex or Y-12 Defined Benefit Pension will continue to be eligible and participate in the Enhanced 401(k) Plan. In addition, eligibility to participate in the 401(k) company match will remain the same for all employees.

- How will pension benefits I will receive under the existing Pantex and Y-12 defined benefit pension plans be documented and secured?

The existing pension plan documents for all affected Pantex and Y-12 pension plans will be amended to reflect changes to the plans. The defined benefit pension plans are qualified under Internal Revenue Code Section 401(a) and are insured up to applicable limits by the Pension Benefit Guaranty Corporation.

- What is the funded status and overall health of the pension fund for both sites?

The Internal Revenue Service (IRS) measures the financial health of pension plans by measuring how much of the plan's current actuarial liabilities for benefits are covered by current plan assets, which is also called the plan's funded status percentage. As of January 1, 2013, the IRS funded status percentage for the Y-12 defined benefit plan was 93.9%, and the funded status percentage for Pantex was 95.1%. Both plans will require future contributions from CNS and employees to provide for the benefits that will be earned by current active participants in the future and to ensure the long-term financial health of both plans.

- For employees that are participating in the defined benefit plan, what will happen to their contributions upon death? Will their contributions be refunded to their spouse or estate?

If you die after benefit payments commence, then upon your death (and the death of your spouse or any beneficiary entitled to payments under the selected payment option), the value of your member contributions with interest is compared to the value of the annuity payment you have received. Any difference is paid to your beneficiary in a single lump sum. If you die before benefit payments commence and have been married to your spouse for at least one year at your death, then your spouse will receive a Qualified Preretirement Survivor Annuity (QPSA). When your spouse dies, the value of your member contributions with interest is compared to the value of QPSA payments received. Any difference is paid to your beneficiary in a single lump sum. If you die before benefit payments commence and were not married at your death (or have not been married to your spouse for at least one year at your death), the value of your member contributions with interest is paid to your beneficiary in a single lump sum.

- Will CNS be maintaining/offering the current non-contributory defined benefit pension plan that B&W provided?

The same plans will be maintained. However, they will no longer be non-contributory. Beginning January 1, 2015, the defined benefit pension plans require mandatory 2% employee contributions.

- Will I continue to be eligible to receive pension benefits at age 55 under the Pantex non-bargaining defined benefit pension plan?

Current plans will remain in effect. There are no plans to change early retirement provisions for the Pantex and Y-12 defined benefit pension plans.

- Will there be a grace period between now and July 1 or December 31 for current employees to retire under the current benefits plan?

The pension plan will not change prior to December 31, 2014. Therefore, any retirements prior to December 31, 2014 will be under the current plan.

- Will I continue to be eligible to receive pension benefits at age 55?

There are no planned changes to your pension eligibility.

- Will the number of years I have been in the pension benefits be frozen on July 1, 2014?

There are no planned changes to freeze the number of years individuals have been in the pension plan.

- Will a buyout be offered to me if I am close to retirement age?

A buyout is not under consideration at this time. CNS will publish the amended plan documents when finalized.

- How will employee contributions to the Defined Benefit Pension Plan change the monthly pension that I will receive in the future?

The pension plan benefit formula has not been changed. Your employee contributions will be used to share in the cost of providing your pension benefits.

- Will former employees who were eligible for the pension plan have changes to their pension?

Other than the 2% employee contribution to the pension plan, there are no plans to changes to plan.

- If I am currently participating in a Pantex or Y-12 pension plan, can I move my funds to the CNS 401(k) plan?

If you are currently participating in either the Pantex or Y-12 pension plan, you may not elect to cease participation in the pension plan and move funds to the 401(k) plan.

- Will defined benefit pension payment continue for current retirees?

Defined benefit pension payments will continue for current eligible retirees.

Benefits – 401(k)

- Beginning January 1, 2015, the 401(k) company match vests at 100% after three years. How will this vesting work?

Eligible employees will be 100% vested in all (past and ongoing) company matching contributions after completing three years of service. Your qualifying service with Pantex or Y-12, earned prior to CNS, will apply to the vesting requirement.

- If I currently have a 401(k) plan with Pantex or Y-12, will I need to roll it over to an IRA?

No. The 401(k) plans will remain in effect and CNS will become the plan sponsor.

- Who is eligible to participate in the Defined Contribution Plan (Enhanced 401(k))?

If you are currently eligible to participate in the Y-12 or Pantex Enhanced 401(k) Savings Plan, you will maintain eligibility as a CNS employee.

- Who is eligible to contribute to the 401(k) and receive the company match?

All eligible CNS employees can elect to contribute to the 401(k) Savings Plan and receive a company match indicated below:

- CNS will match 100% of the first 2% you contribute of your eligible earnings
- CNS will match 50% of the next 4% you contribute of your eligible earnings
- CNS will provide a maximum match of 4% based on a 6% contribution

- Will Schwab and Fidelity continue to manage the CNS 401(k) plans?

The plans will continue to be managed by Schwab and Fidelity until January 1, 2015. Information will be provided during open enrollment in the fall if a new 401(k) Plan Administrator is selected.

- Will 401(k) contributions continue to be “before” tax?

401(k) contributions will remain “pre-tax” benefits.

- What investment options will the CNS 401(k) Savings Plan include?

CNS will be reviewing the current investment options for both Pantex and Y-12 401(k) plans in the fall, as we approach open enrollment, we plan to share details about any changes or new investment options.

- Will we still be able to borrow from our 401(k) accounts?

The provisions for borrowing from your 401(k) account will remain in effect until January 1, 2015. Details about the 401(k) plan provisions effective January 1, 2015 will be communicated during 2015 open enrollment in the fall.

- Will CNS offer a Roth 401(k) option that will allow me to make after-tax contributions to my 401(k)?

Currently, Pantex and Y-12 continue to operate separate 401(k) plans, in accordance with the terms of those plans. Both plans allow Roth contributions for eligible participants. Details about the 401(k) plan provisions effective January 1, 2015 will be communicated during 2015 open enrollment in the fall.

- What are the eligibility requirements for the Defined Benefit Pension Plan and 401(k) Savings Plans?

The eligibility requirements for the Defined Benefit Pension and 401(k) Savings Plans will remain the same. If you are currently eligible and participating in the Pantex or Y-12 defined benefit plan as of June 30, 2014, you will continue to be eligible for that plan effective July 1, 2014. Employees who are not eligible for the Pantex or Y-12 Defined Benefit Pension will continue to be eligible and participate in the Enhanced 401(k) Plan. In addition, eligibility to participate in the 401(k) company match will remain the same for all employees.

Benefits – Site Service Credit

- Will my site service credit carry over for vesting in the CNS Defined Benefit Pension Plan and Defined Contribution 401(k) Plan beginning on January 1, 2015?

Yes, Pantex and Y-12 employee site service will apply toward vesting in the CNS Defined Benefit Pension Plan and the Defined Contribution 401(k) Savings Plan beginning on January 1, 2015.

- Will my site service carry over and apply to PTO accrual?

Yes. Your site years of service with B&W on June 30, 2014 will be your company service with CNS on July 1, 2014 and will be used when determining your PTO accrual.

Payroll and Compensation

- What will the CNS payroll schedule be?

Employees will remain on their current payroll schedules on July 1, 2014. However, there may be future changes as we move toward consolidated business functions for the CNS enterprise.

- What will the CNS overtime policy be?

The current overtime policy will remain in effect on July 1, 2014. CNS is reviewing existing work schedules at Pantex and Y-12 to determine what is most effective to support mission delivery.

Work Schedules

- Will our work schedules remain the same?

Current work schedules will remain in effect on July 1, 2014. CNS is reviewing existing work schedules at Pantex and Y-12 to determine what is most effective to support mission delivery.